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23 January 1968

OGC Has Reviewed

MEMORANDUM FOR THE RECORD

SUBJECT: H.R. 14645 - Industrial Personnel Security Act

1. H.R. 14645 was introduced by freshman Congressman and former FBI agent Robert V. Denney (R., Nebr.). The bill is general in applicability and contains no specific exemption for CIA or other members of the intelligence community. The main features of the bill are summarized below.

2. The bill sets down statutory requirements for executive agencies in connection with their procurement activities. These include prescribing a security program, obtaining a written agreement from contractors on security clearances for contractor and subcontractor representatives, and finally granting security clearances for contractor personnel for access to classified information or a security facility. At the "secret" or "atomic secret" level a national agency check is required. A full field investigation is required at the "top secret" or "atomic top secret" level.

3. Clearances are granted and investigations are performed by the agency concerned. However, if the agency lacks an investigating organization it is performed by the FBI. "Derogatory subversive information" developed in the investigation is to be referred to the FBI.

4. The bill establishes an intra- and inter- agency mechanism for review and hearings in instances where clearances are either denied or revoked. The steps and authorities involved include:

- a. initial determination by Screening Officers designated for this purpose by the head of the agency;
- b. an opportunity for the affected individual to reply in an interview with the Screening Officer, unless immediate suspension of a clearance is necessary in the interest of national security;

- c. a letter of charges by the Screening Officer to the individual as specific and detailed as national security permits so as to permit answer and advice to the individual that he has a right to a hearing;
- d. clearance of the letter of charges by an appropriate legal officer in the agency concerned;
- e. hearings under the control of the Chairman of the Civil Service Commission;
- f. determination by the head of the agency based on the record of that hearing; and
- g. finally, review of the head of the agency's determination by the Board of Appeals and Review of the Civil Service Commission. A determination made under this procedure is "final and conclusive and binding upon the head of every other executive agency."

5. It is noted that the bill does not recognize "confidential" as a category of classified information (Section 2(8)). Consequently, the Act would not necessarily become operative in the case of access by contractor representatives to "confidential" information. This may be an oversight. Additionally, the national agency check extends to the files of any intelligence agency and appropriate files of congressional committees or sub-committees.

6. This bill is patterned after Chapter V of S. 2778, Federal Security Act, which was introduced by Senator Dirksen on 13 December 1967 and referred to the Senate Government Operations Committee.

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